

ACCC customer loyalty schemes review

Submission from Finder

Thank you for the opportunity to provide input to the ACCC review into customer loyalty schemes in Australia.

[Finder.com.au](https://finder.com.au) ("Finder", "we") is Australia's most visited comparison site with more than 2.4 million Australians using our site per month¹. Finder compares over 1,800 brands across more than 100 product categories including personal finance, insurance, telecommunications and energy. Our business continues to be privately owned by two Australians: Fred Schebesta and Frank Restuccia.

Pertinent for this review, we have a section of our site called [Points Finder](#), which is designed to help Australians earn more rewards points and to use their earned reward points more effectively. The main focus for Points Finder is frequent flyer credit cards and supermarket loyalty schemes, and the ongoing interest in this content suggests that there are lots of Australians that actively embrace these schemes and have clear expectations about the level of rewards they should receive.

Finder research on loyalty schemes:

Finder has conducted consumer research in relation to loyalty schemes in Australia.

Supermarket loyalty schemes have proven to be particularly popular in Australia with our survey of 2,033 Australians in May 2018 showing that 82% of Australians are a member of at least one supermarket loyalty scheme. However, the same survey showed that only 16% of those members converted those points into frequent flyer points. Our analysis regularly shows that converting supermarket loyalty points to frequent flyer points offers a significantly higher "rate of return" for those points. The last time [we assessed the value of loyalty points in July 2019](#), we found that 1,000 Qantas points would get you just \$3-\$6 of value if used on products or gift cards compared to \$40-\$60 of value if used on flight upgrades.

There is also a level of misunderstanding about how many points should be earned by spending money on a frequent flyer credit card. A survey we conducted in December 2018 of frequent flyer credit cards users showed an average expectation of an earn rate of 1.7 points per dollar spent on their credit card. This is an earn rate that is unlikely to be offered on most frequent flyer credit cards with the exception being high-tier credit cards.

¹ 2.4 million average unique monthly audience (Jan-March 2019), Nielsen Digital Panel

We believe that this research shows a gap between consumer expectations and market reality as well as between consumer expectations and actual behaviour. As such, Finder welcomes the ACCC's review and offers these brief observations on the four key recommendations in the report.

Draft recommendation 1: Improve how loyalty schemes communicate with customers

Finder's mission is to help consumers make better financial choices, so we welcome any change that will make it easier for consumers to understand and compare offers. We would anticipate that independent media sites such as Finder will continue to play a critical role in helping consumers understand how loyalty schemes operate and how to maximise the value of their points, given the inherent complexity in such programs.

One particular element that we would like to see communicated better is the relative value of spending loyalty scheme points in different ways. This is regularly misunderstood by Australian consumers who choose to use their points in circumstances that offer less value. Finder will continue to educate consumers on ways to avoid this happening, but we would welcome more communication from the loyalty scheme providers on this topic.

Draft recommendation 2: Prohibition against unfair contract terms and certain unfair trading practices

Finder welcomes the introduction of further certainty and clarity into this area.

Draft recommendation 3: Improve the data practices of loyalty schemes

Finder supports action to improve consumer understanding of how data could be used by loyalty scheme providers. This is aligned with the "privacy by design" concept that we are embracing as a business. Improvements in the way information about data usage is shared should ensure that consumers can make more informed choices about the loyalty schemes they choose. As with everything we compare, we believe that better information leads to greater competition and happier customers.

We are also strong supporters of the Consumer Data Right (CDR) regime being introduced in Australia. CDR will empower Australians to take control of their personal data and will equip them with the information they need to make better decisions across their finances. The availability of this type of consumer-controlled data sharing also improves the likelihood of customers opting for products and services that work for them.

We recognise the challenge that comes with balancing consumer privacy with the desire to enable consumers to share data. Any changes to the way loyalty schemes handle data should also consider this trade-off with the goal of strengthening consumer privacy while also enabling the potential benefits of open-data approaches that improve competition and innovation.

Draft recommendation 4: Strengthen protections in the Privacy Act and broader reform of Australian privacy law

Further to recommendation 3, changes to the Privacy Act that provide consumers more control but also letting them leverage the power of their data will lead to a more competitive market.

Finder welcomes the opportunity to provide further feedback if required.